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BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268-0001

In the Matter of:

Viola Post Office Viola, Idaho 83872

(Dan Hardesty, Patrons of the Viola,

Idaho Post Office; Petitioners)

Docket No. A2012-71

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL (January 17, 2012)

The Postal Regulatory Commission (the "Commission") received two appeals, with the earliest postmarked November 7, 2011, from postal customer Mr. Dan Hardesty and from Patrons of the Viola, Idaho Post Office (collectively, "Petitioners") objecting to the discontinuance of the Post Office at Viola, Idaho (the "Viola Post Office"). By means of Order No. 1015, dated December 1, 2011, the Commission docketed the letter, assigning PRC Docket No. A2012-71 as an appeal pursuant to 39 U.S.C. § 404(d). The administrative record was filed with the Commission on November 30, 2011 and an errata to the administrative record was filed on December 19, 2011. On December 19, 2012, and December 20, 2012, the Commission received a Participant Statement from Mr. Dan Hardesty and Patrons of the Viola, Idaho Post Office respectively.

The letters and Participant Statement received by the Commission raise two issues: (1) the impact on the provision of postal services; (2) the impact on the community; (3) the calculation of economic savings expected to result from discontinuing the Viola Post Office, and (4) the impact upon postal employees. As reflected in the administrative record of this proceeding, the Postal Service

¹ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

gave these issues serious consideration. Accordingly, the determination to discontinue the Viola Post Office should be affirmed.

Background

The Final Determination To Close the Viola, ID Post Office and Extend Service By Rural Route Service ("Final Determination" or "FD"),² as well as the administrative record, indicate that the Viola Post Office provided EAS-55 level service to 0 delivery route customers, 54 Post Office Box or general delivery customers, and to retail customers from 10:00 a.m. to 4:00 p.m. Monday through Friday, and from 10:00 a.m. to 4:00 p.m. on Saturdays.³ The Postmaster of the Viola Post Office retired on August 31, 2003.⁴ Since the Postmaster vacancy arose, a non-career employee was installed as an officer-in-charge ("OIC") to operate the Viola Post Office. The employee serving as the OIC may be separated from the Postal Service, although attempts will be made to re-assign her to an authorized position.⁵ The average number of daily retail window transactions at the Viola Post Office is 9, accounting for 10 minutes of retail work. Revenue for the last three years was low: \$26,098 in FY 2008; \$26,618 in FY 2009; and \$26,782 in FY 2010.⁵

Upon implementation of the Final Determination, delivery and retail services will continue to be provided by rural route service administered by the

² The Final Determination can be found at Item 47 in the administrative record. All citations to the Final Determination will be to "FD at _," rather than to Item 47. The FD page number refers to the pages as marked on the upper right of the document. Other items in the administrative record are referred to as "Item _."

³ FD at 2; Item 18, Form 4920; Item 33, Proposal at 2.

⁴ Id

⁵ FD at 6; Item 15, Post Office Fact Sheet at 1; Item 33, Proposal at 7.

⁶ FD at 6-7; Item 18, Form 4920; Item 33, Proposal at 7.

Moscow Post Office,⁷ an EAS-21 level office, located 7 miles away, which has 316 unassigned Post Office Boxes.⁸ Retail services are also available at the Palouse Port Office, an EAS-15 level office, located 6 miles away, which has 167 unassigned Post Office Boxes.⁹ Service will also be provided by cluster box units (CBUs) located in Viola.¹⁰

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the Viola Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to all Post Office Box customers of the Viola Post Office. Questionnaires were also available over the counter for retail customers at the Viola Post Office. A letter by Elizabeth Jenkins, Manager, Post Office Operations, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether operation of the Viola Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Moscow Post Office. The Ietter invited customers to complete and return a

⁷ The Moscow Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart= Documents&docid=75971&docType=Library%20References&attrID=&attrName=

⁸ FD at 2; Item 18, Form 4920; Item 33, Proposal at 2.

^{9 9} FD at 2; Item 33, Proposal at 2.

¹⁰ FD at 2; Item 29, Proposal Checklist at 2; Item 33, Proposal at 2.

¹¹ Item 20, Questionnaire Instruction Letter.

¹² *Id.*

¹³ Item 21, Cover Letter for Questionnaire.

customer questionnaire and to express their opinions about the service that they were receiving and the effects of a possible change involving rural route delivery. Seventy-nine customers returned questionnaires, and the Postal Service responded. In addition, representatives from the Postal Service were available at the Federal Building in Moscow, ID for a community meeting on June 23, 2011, to answer questions and provide information to customers. Twenty-one customers attended. Customers received formal notice of the Proposal and Final Determination through postings at the Viola Post Office and the Moscow Post Office. The Proposal was posted with an invitation for public comment at the Viola and Moscow Post Offices for 60 days beginning July 5, 2011, and ending September 5, 2011.

Forty-four customers returned comments in response to the "Invitation for Comments" after the Proposal was posted. 19 The Postal Service addressed

¹⁴ Item 22, Returned Questionnaires and Postal Service Response Letters; Item 23, Analysis of Questionnaires.

¹⁵ Petitioners also raise concerns about the time and location of the community meeting. The Postal Service notes that its internal regulations give local discontinuance coordinators flexibility in determining meeting times that encourage customer participation. See Handbook PO-101 § 251. No single time is ever consistent with all customer preferences; hours within an office's normal hours of operation generally suit customers who routinely visit that office, while inconveniencing customers who only occasionally visit the office, thereby conflicting with their work hours in many cases. Evening hours may suit the occasional customers, while inconveniencing regular customers. That is one reason why a discontinuance study process affords customers multiple avenues for providing their input: questionnaires, community meeting, written correspondence at any time, and if those opportunities do not suffice, then formal comments on a proposal posted for 60 days provide another means for submission of customer input.

¹⁶ Item 26, Community Meeting Letter.

¹⁷ Item 24, Community Meeting Roster; Item 25, Community Meeting Analysis.

¹⁸ Item 31, Instructions to Post Proposal; Item 32, Invitation for Comments; Item 33, Proposal.

¹⁹ Item 34, Comment Form.

those concerns in letters to the customers.²⁰ The Final Determination was posted at the Viola and Moscow Post Offices beginning on October 14, 2011, as confirmed by the round-dated Final Determination cover sheets that appear in the administrative record as Item 49. The Final Determination was initially removed on November 15, 2011, and has been reposted upon filing of this appeal. In light of the expiration of the Postmaster vacancy; minimal workload; low revenue; the variety of delivery and retail options (including the convenience of rural route delivery and retail service); minimal projected population, residential, commercial, or business growth in the area; minimal impact upon the community; and the expected financial savings, the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Viola community in a cost-effective manner upon implementation of the final determination.

Analysis

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Viola Post Office on postal services provided to Viola customers. The closing is premised upon providing regular and effective postal services to Viola customers.

²⁰ Item 38, Proposal Comments and Postal Service Response Letters.

Petitioners express specific concern regarding service for senior citizens, delivery of Accountable Mail, the requirement to drive to the Moscow Post Office to conduct business and the Post Service's calculation of economic savings.

These concerns, in addition to others, were also raised by other Viola customers in response to questionnaires, at the community meeting, and in comments to the proposal. The Postal Service addressed these concerns alongside other issues pertaining to the impact of closing the Viola Post Office upon the provision of postal services to Viola customers. 22

Petitioners raise several concerns regarding mail security, including that some mailboxes on the rural routes are not safe for mail delivery because of theft. The Postal Service explained, however, that customers may place a lock on their mailboxes as long as the mailbox has a slot large enough to accommodate the customer's normal daily volume of mail.²³ If the customer chooses to lock the mailbox, the Postal Service will not accept a key for and will not open the customer's mailbox.²⁴ As part of the discontinuance process, a questionnaire was sent to the US Postal Inspection Service concerning mail theft and vandalism in the Viola Post Office area.²⁵ Postal Inspection Service records indicate that there have only been two reports of mail theft or vandalism of

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²¹ Item 22, Returned Questionnaires and Postal Service Response Letters; Item 25, Community Meeting Analysis; Item 38, Proposal Comments and Postal Service Response Letters.

²² FD at 2-6; Item 33, Proposal at 2-6.

²³ FD at 2; Item 23, Analysis of Questionnaires at 2-3; Item 25, Community Meeting Analysis at 1-2; Item 33, Proposal at 2; Item 40, Analysis of 60-day Comments at 2. ²⁴ *Id*.

Item 14, Inspection Service Vandalism Reports.

mailboxes in the area.²⁶ The Postal Service is vigilant to mail theft and vandalism and will provide services to Viola Post Office customers to help ensure mail security.

Petitioners also raise concerns about delivery of Accountable mail. If the mail constitutes Accountable Mail, such as Certified Mail, the rural carrier will leave a Form 3849 informing the addressee that the carrier attempted to deliver a package that would not fit in the mailbox slot. The form indicates that the mail is available in the local post office to be retrieved by the customer or the addressee may attempt request redelivery.²⁷ The addressee is give the option to specify the date he or she would like the mail to be delivered, may specify an alternate location, such as a porch, may change the redelivery address to his or her workplace (if the work location is in the same town), or may designate a friend, neighbor or family member to accept the mail and the carrier will deliver the mail to that individual (if the individual is in the same town).²⁸ The original addressee may also receive the mail at the Moscow Post Office during business hours or the addressee's designee may receive the item at the Moscow Post Office, Monday through Saturday during business hours.²⁹ In sum, the Postal Service makes available several options for Viola Post Office customers that choose to utilize rural service and receive packages or Accountable Mail.

Petitioners posit that the discontinuance of the Viola Post Office will result in the rural carrier increasing both the length of the route and the amount of mail

²⁶ *Id*.

²⁷ See Form 3849

²⁸ *Id.*

²⁹ *Id.*

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that the carrier must deliver. Currently all mail in Viola, including mail delivered to Post Office Boxes in the Viola Post Office, is delivered by rural carrier emanating from the Moscow Post Office. The discontinuance of the Viola Post Office will not increase the volume of mail delivered by the rural carrier, and in fact, the volume of mail carried may decrease if current Viola Post Office Box customers decide to rent Post Office Boxes at the Moscow Post Office. While Petitioner is correct that if all of the current Post Office Box customers for whom rural delivery is available actually transferred to rural delivery, the carrier may have to increase route distance slightly to accommodate the increase. This increase, however, is accounted for in the Postal Service's economic savings analysis as described below.

Petitioners state that the Final Determination is contradictory regarding the requirement for customers to change their address upon discontinuance of the Viola Post Office. As explained in the Final Determination, Viola customers will not be required to change their address unless they decide to change services. If customers decide to change from Post Office Box service at the Viola Post Office to rural route delivery, their address will have to change, but if they decide to utilize the CBUs that will be installed, their address will not be required to change. Customers will also have to change their address if they decide to rent a box at another Post Office. In sum, customers will retain their address unless they decide to change their address by changing service.

Petitioners express concern over the number of available boxes at the Moscow Post Office in light of the discontinuance of both the Viola Post Office

and the University Station in Moscow, Idaho. While it is possible that this could result in a shortage of unassigned Post Office Boxes for customers, based on the current usage, the Postal Service does not believe a shortage will occur. In addition, the Postal Service can provide additional boxes at the Moscow Post Office if the demand so requires.

The loss of retail services and Post Office Boxes at Viola does not have a large impact on the quality of service provided by the Postal Service. As explained throughout the administrative record, rural route carriers can perform many functions (at the same time that the carrier delivers the mail) that will avert the need to go to any Post Office, Moscow or otherwise.³⁰

Carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes or cluster box units.³¹ Customers do not have to make a special trip to the Post Office for most services. Stamps by Mail and Money Order Application forms are available for customer convenience, and stamps are also available at many stores and gas stations, online at usps.com, or by calling 1-800-STAMP-24.³² Customers can also request special services, such as Certified, Registered, or Express Mail, Delivery Confirmation, Signature Confirmation, and COD from the carrier.³³ Further, most transactions do not

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³⁰ FD at 2-6 Item 33, Proposal at 2-6.

³¹ FD at 2-4; Item 33, Proposal at 2-4; Item 40, Analysis of 60-day Comments at 1.

³³ FD at 3-4; Item 23, Analysis of Questionnaires at 2-3; Item 25, Community Meeting Analysis at 1-2; Item 33, Proposal at 3-4; Item 40, Analysis of 60-day Comments at 1-2.

require meeting the carrier at the mailbox.³⁴ Special provisions are made, on request, for hardship cases or special customer needs.³⁵

Upon the implementation of the Final Determination, delivery and retail services will continue to be provided by rural route delivery emanating from the Moscow Post Office. In addition to rural route delivery, which is the recommended alternate service, customers may also receive postal services, including P.O. Box service, at the Moscow Post Office, which is located 4 miles away. The window service hours of the Moscow Post Office are from 8:00 a.m. to 5:00 p.m., Monday through Friday and from 8:00 a.m. to 1:30 p.m. on Saturdays.³⁶ Thus, the Postal Service has properly concluded that all Viola customers will continue to receive regular and effective service via rural route service.

Effect on Community

The Postal Service is obligated to consider the effect of its decision to close the Viola Post Office upon the Viola community.³⁷ While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

Viola is an unincorporated community located in Latah County. The community is administered politically by the Latah County Commissioner. Police

³⁴ FD at 3-4; Item 23, Analysis of Questionnaires at 2-3; Item 25, Community Meeting Analysis at 2; Item 33, Proposal at 3-4; Item 40, Analysis of 60-day Comments at 1-2.
³⁵ Id.

³⁶ FD at 2; Item 18, Form 4920; Item 33, Proposal at 2.

³⁷ 39 U.S.C. § 404(d)(2)(A)(i).

protection is provided by the Latah County Sheriff. Fire protection is provided by the Moscow Rural Fire Department.³⁸ The questionnaires completed by Viola customers indicate that, the community is comprised of retirees, loggers, farmers ranchers, and those who commute to work in nearby communities.³⁹

The Postal Service determined that its customers could continue to receive effective postal services elsewhere. Communities generally require regular and effective postal services and these will continue to be provided to the Viola community.⁴⁰ In addition, the Postal Service has concluded that non-postal services provided by the Viola Post Office can be provided by the Moscow Post Office.⁴¹

Petitioners assert that the number of businesses listed on the Community Survey and in the Final Determination is incorrect, and that Viola actually has at least 17 local businesses. In determining the number of business, the Postal Service is generally aware of the existence of storefront and commercial locations. While the Postal Service recognizes that non-storefront business, including farms, ranches, trucking businesses and independent contractors, are important facets of a community, those businesses generally do not provide significant commercial traffic into the community.

Petitioners contend that the Postal Service performed no analysis of future growth. In fact, the Postal Service cited historical growth at a rate of 2% over the

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³⁸ FD at 5; Item 16, Community Fact Sheet; Item 33, Proposal at 5.

³⁹ See generally FD at 5; Item 16, Community Fact Sheet; Item 18, Form 4920; Item 33, Proposal at 5.

⁴⁰ FD at 5; Item 33, Proposal at 5.

⁴¹ *Id*

past five years.⁴² This rate of growth can be accommodated by rural route delivery.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Viola Post Office on the community served by the Viola Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route service would cost the Postal Service substantially less than maintaining the Viola Post Office and would still provide regular and effective service. The estimated annual savings associated with discontinuing the Viola Post Office are \$28,873. There is a one time cost of \$6000 incurred in relation to the construction of CBUs. Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv).

Petitioners note that the Postal Service has already reduced costs at the Viola Post Office by operating with a non-career OIC rather than a Postmaster. However, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; the fact that the Postal Service may

⁴² Item 16, Community Survey Sheet.

⁴³ FD at 8; Item 21, Cover Letter for Questionnaire; Item 33, Proposal at 7.

⁴⁴ FD at 6-7; Item 29, Proposal Checklist at 2; Item 33, Proposal at 7.

⁴⁵ *Id*.

⁴⁶ *Id.*

have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. If the Viola Post Office closes, one career slot will be eliminated. If the Viola Post Office is not discontinued, that slot would ultimately have been filled with a career employee, and the salary and benefits to be paid would be as shown for a Postmaster. Thus, the Postmaster Salary and Fringe Benefits calculations in the Final Determination accurately reflect the future annual savings of discontinuing the Viola Post Office.

Petitioners assert that the cost of installing CBUs negates significant savings, especially when the Postal Service already has existing boxes at the Viola Post Office. As set forth above, the total cost of constructing the CBUs is \$6000. This one time cost is overshadowed by more than \$28,000 of yearly savings. Furthermore, boxes at the Viola Post Office will be removed and if possible, recycled at other locations.

Petitioners assert that the Postal Service did not include the Post Office Box income generated by the Viola Post Office in its economic savings analysis. This concern presumably only pertains to customers that switch from P.O. Box service to rural carrier. However, revenue from P.O. Box service is a relatively small proportion of an office's total revenue, and hence the impact of any such conversions would be trivial in relation to total savings.⁴⁷

Petitioners also raise concerns about the lack of any economic savings analysis for early termination of the lease or possible requirement for returning the current Viola postal facility to "like" condition. The current lease has a 30-day

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⁴⁷ See Docket No. N2011-1, USPS-T-1.

termination clause, which permits the Postal Service to terminate the lease upon 30 days notice.⁴⁸ Until such time as the Postal Service gives notice that it will be terminating the current lease and vacating the property, the Postal Service is unable to determine any requests the landlord may have to return the property to "like" condition and the associated costs, if any.

Petitioners question whether the Postal Service's decision to discontinue the Viola Post Office is consistent with the provisions in Title 39 providing that no small Post Office may be closed solely for operating at a deficit. Here, however, a variety of factors inform the decision to discontinue the Viola Post Office, including a Postmaster vacancy; minimal workload; low revenue; the variety of delivery and retail options (including the convenience of rural delivery and retail service); no projected population, residential, commercial, or business growth in the area; minimal impact upon the community; and the expected financial savings. 49 Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service, in determining whether to close a Post Office, must consider whether such closing is consistent with the policy that the Postal Service provide "a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining." The Postal Service's view is that the "maximum degree" obligation in Section 101(b) must be read in the context of related statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities

⁴⁸ Item 18, Form 4920.

⁴⁹ FD at 2-5; Item 18, Form 4920; Item 33, Proposal, at 2-6.

and small towns; however, this concern must be balanced with Congressional mandates that the Postal Service execute its mission efficiently and economically. ⁵⁰ In this case, the Postal Service analyzed, among other factors, the Viola Post Office's workload and revenue. ⁵¹ The consideration of an office's workload and revenue is not inconsistent with the policies of Title 39, however, because analysis of workload and revenue does not imply that a small Post Office is operating at a deficit. The Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with delivery service in the absence of the Post Office, and the answer was affirmative. ⁵²

The Postal Service determined that rural route service is more costeffective than maintaining the Viola postal facility and postmaster position.⁵³ The
Postal Service's estimates are supported by record evidence, in accordance with
the Postal Service's statutory obligations. The Postal Service, therefore, has
considered the economic savings to the Postal Service resulting from such a
closing, consistent with its statutory obligations and Commission precedent.⁵⁴

Effect on Postal Employees

As documented in the record, the impact on postal employees is minimal. The Postmaster retired on August 31, 2003.⁵⁵ A non-career employee was installed as the temporary OIC. The non-career employee serving as the OIC

⁵⁰ See Sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a).

⁵¹ *Id*

⁵² FD at 8; Item 15, Post Office Fact Sheet; Item 18, Form 4920; Item 33, Proposal at 7.

⁵³ FD at 8; Item 33, Proposal at 7.

⁵⁴ See 39 U.S.C. § 404(d)(2)(A)(iv).

⁵⁵ Id.

may be separated from the Postal Service, although attempts will be made to reassign the employee to an authorized position at a nearby facility.⁵⁶ The record shows that no other employee would be affected by this closing.⁵⁷ Therefore, in making the determination, the Postal Service considered the effect of the closing on the employee at the Viola Post Office, consistent with its statutory obligations.⁵⁸

Petitioners assert that the Postal Service improperly notified the current OIC that the Viola Post Office would be closing and her position would be eliminated. The relationship between the Postal Service and its employees is government by the Employee and Labor Relations Manual (ELM). As of the posting of the Final Determination, the Postal Service was unable to evaluate its future staffing needs at other nearby facilities to determine if the OIC could be offered another authorized and vacant position or if the OIC would have to be terminated. Accordingly, the Postal Service has not yet provided written notice to the OIC. If it becomes necessary to terminate the OIC when the Viola Post Office actually closes, the Postal Service will provide written notice as required in the ELM.

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Viola Post Office on the provision of postal services and on the Viola community, as well as the economic savings that would result from the proposed closing, the

⁵⁶ FD at 6; Item 15, Post Office Fact Sheet at 1; Item 33, Proposal at 7.

⁵⁷ Id

⁵⁸ See 39 U.S.C. § 404(d)(2)(A)(ii).

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effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Viola customers.⁵⁹ The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accordance with the policies stated in 39 U.S.C. § 404(d)(2)(A).

Accordingly, the Postal Service respectfully requests that the determination to close the Viola Post Office be affirmed.

Respectfully submitted,

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⁵⁹ FD at 8.